




**TO:** Workforce Investment Board Chairperson  
Workforce Investment Board Director  
Regional Workforce Board Chairpersons  
Regional Operators  
Regional Coordinators

**FROM:** Andrew J. Pence   
Commissioner

**DATE:** May 4, 2007

**SUBJECT:** DWD Policy 2006-20  
Definition of Service Providers and Rules for Contracts

### **Purpose**

To provide the Indiana Department of Workforce Development's definition and policy with regard to service providers and rules for contracting with those service providers by Indiana's Workforce Investment Boards and Regional Workforce Boards to provide direct client services. *This policy does not apply to occupational or educational training providers.*

### **Content**

Indiana's Strategic Two-Year Plan for Title I of the Workforce Investment Act of 1998 and Wagner-Peyser Act outlines a specific chain of authority for contracting within the state workforce system. Funds will be granted to Indiana's two Workforce Investment Boards: the State Workforce Investment Council ("SWIC") which oversees services in all counties except Marion; and the Indianapolis Private Industry Council ("IPIC") for Marion County.

- The SWIC will grant funds to the eleven Regional Workforce Boards pursuant to IC 22-4.5-8 who will in turn contract with Regional Operators to oversee the workforce development system in each region. Because state law prohibits Regional Operators from providing direct client services, each Regional Workforce Board shall issue requests for proposals to contract with not more than six service providers per region.
- IPIC shall issue requests for proposals to contract with service providers in Marion County.

A service provider is any entity who receives funds through the Workforce Investment Board or the Regional Workforce Board to provide client services. Service providers must be independent contractors and must be procured competitively in each area. At the discretion of the Regional Workforce Board, the contract for service may be drafted directly between the Regional Workforce Board and the service provider or may include the Regional Operator as a party.

The contract between the IPIC service provider, or the Regional Operator and the service provider, with the Regional Workforce Board as a party to the contract, must include the following as indicated for each requirement:

1. Assignment: (Regional Workforce Boards only)
  - a. The contract will contain a provision that assigns the contract to the Regional Workforce Board in the event the Regional Operator is terminated.
  - b. The Regional Workforce Board can then make a new assignment of its interest in the contract to the new Regional Operator.
  - c. It will also include a safety clause for the service provider that requires the new Regional Operator to continue the contract with the service provider or, if a new contract needs to be written, to allow the Regional Operator to sole source it to the current service provider – pursuant to all other terms of their original contract.
2. Indemnification language for disallowed costs: (Both the Workforce Investment Boards and Regional Workforce Boards)
3. Additional language: (Regional Workforce Boards only)  
The following clause must be included in the contract (if not originally, then through modification):

“Contracts with the service provider will be constructed in one of the two following ways:

1. The Regional Workforce Board is party to the contract, along with the regional operator, and designates the Regional Operator to be the oversight entity for the service provider; or
2. The Regional Operator is sole party to the contract with the service provider. In cases when the contract is terminated with the Regional Operator, the contract will be transferred to the Regional Workforce Board and subsequently to the newly designated Regional Operator.”



Conflicts of Interest Pursuant to IC 22-4.5-7-6:

- A service provider shall not provide Regional Operator or Fiscal Agent services for the same regional area.
- The Regional Operator shall not contract with a service provider to perform Regional Operator duties.
- A service provider's contract shall be for two years, but may be extended (without another competitive bid process) for a period of not more than 12 months after the original end date, contingent upon the quality of services. State standards for quality of services will be established.
- A service provider or any representative of the service provider shall not be a member of the Regional Workforce Board.

**Effective Date**

July 1, 2007

**Ending Date**

June 30, 2009

**Ownership**

Career Services

**Action**

All parties should be made aware of the definition of a service provider. All Workforce Investment Boards and Regional Workforce Boards must ensure compliance with the contractual requirements so that all contracts with service providers include the specific, required clauses and have the chair of the Workforce Investment Board or Regional Workforce Board as a signatory to the contract. Contracts that are already in place should be modified to comply with this policy.

**Contact Person**

Jennifer Biddle, Planning Analyst

Career Services

Indiana Department of Workforce Development

10 North Senate Avenue

Indianapolis, IN 46204

Telephone: 317.232.7459

E-mail: [jbiddle@dwd.in.gov](mailto:jbiddle@dwd.in.gov)